

*Foreign Takeovers Review Act*

country. In debating the question of foreign investment, most of the arguments miss this important distinction. I have heard many people, including members in this House declare "In my area we need more capital to create more employment. It does not matter to us whether it is Canadian capital or foreign capital, so long as the foreign investors behave like good Canadian citizens. So far as we are concerned, the only thing wrong with foreign investment is that there is not enough of it." This usually goes along with an assertion that southern Ontario got a head start, that it now has all the foreign capital it needs and is just trying to protect its position by preventing other areas of Canada, such as Quebec, the Atlantic provinces and the western provinces, from getting their share.

These arguments miss the point entirely. No responsible Canadian suggests we should prohibit foreign investment, but we do insist that we have a real problem in Canada because of the excessive degree of foreign ownership and control over our basic manufacturing and resource industries. We do insist that in order to prevent this problem becoming more serious, and in order to direct as far as possible new foreign investment to areas where it is really needed, it is necessary to regulate, but not to prohibit, foreign investment. I ask this question of those who put forward these arguments. If foreign investment has gone into southern Ontario, Montreal, Toronto and the St. Lawrence basin in the first 100 years of our history, what makes them think that things will be any different in the next 100 years, if we do not adopt some sensible rules in respect of foreign investment? Investment will still continue to go to the same places. Cities like Toronto, Montreal and Vancouver will continue to grow out of all proportion to the rest of the country. Toronto may grow to a population of six million people. Who wants that? Certainly, few people from the city of Toronto want that. So, legislation is required which will help direct new foreign capital to regions which need it most and away from the regions which no longer want it. That is really what we are suggesting.

Another related argument, which has been put forward often, is that we cannot possibly develop our manufacturing and resource industries without assistance from abroad; that we do not have the necessary technological ability, know-how or intelligence to do this. What a despairing attitude that is! What a lack of self-confidence it reflects and what a commentary upon Canadians who make such an argument! What a craven fear they must have for our future? Great resource industries have been developed by Canadians with Canadian capital despite the fact that the majority of these industries are now owned by foreign corporations. Businesses of every kind have been built in Canada without the necessity of turning over the ownership of these businesses to foreign investors. What has been done in the past can be done in the future.

Our great banking system has been built up not with foreign capital and not with assistance from abroad. It has been built up by Canadians with Canadian capital. Does anyone suggest that the banks do not have access to capital? They do pretty well, but nevertheless for some reason which I cannot understand every banker I meet tells me that it is almost impossible to develop sound manufacturing and resource industries in Canada without

capital from abroad. I say to them: are the banks not efficient; don't they work well? Do they not have branches abroad doing a good job? They say: yes. I say: what makes you think that Canadian owners of manufacturing and resource industries are less able than you? They cannot answer that argument: no one can answer that argument. Canadians are just as capable of building up their industries as are Americans or any other foreign owners.

• (1620)

What are the actual facts? The Standing Committee on External Affairs and National Defence went into the whole question quite exhaustively in 1969 and 1970 and published its eleventh report in August, 1970. Certain basic facts were clearly established in this report. The Canadian economy can be divided into ten great sectors. These are agriculture, forestry, fishing and trapping, mining, manufacturing, construction, transportation and public utilities, wholesale and retail trade, finance and services. Based upon 1967 figures which were the latest available at that time, all of these sectors were under majority Canadian ownership and control with the exception of two very large and very important sectors. These were the manufacturing sector and the resource sector, including mining and petroleum. In 1967 both these sectors were about 60 per cent owned by foreign investors, mostly from the United States.

Only two of the ten great sectors of the Canadian economy are under foreign control. But the danger is much greater than that statement would indicate. These two sectors are very large, and central to our entire economy. Other sectors which are Canadian owned, such as finance, services, trade, transportation, public utilities and construction, are closely related to and depend upon the two foreign controlled sectors. The remaining three Canadian owned sectors, agriculture, forestry, and fishing and trapping, are smaller relatively in total assets, provide fewer jobs, and have gradually become less important in our economy.

As has been stated in the House time and time again, the fact is that no other developed country in the world has so much of its economy foreign-owned as does Canada. I emphasize also that most of this foreign ownership is concentrated in the United States. I say this not out of any feeling of anti-Americanism but to emphasize that it is particularly important because of the closeness of our other relations with that country. We are close neighbours; we are influenced, sometimes almost overwhelmed, by cultural influences from the United States. American unions are dominant in Canada. We have joint military arrangements, and two thirds of our imports come from the United States and two thirds of our exports go to that country. Our educational institutions are rather similar. The high concentration of American investment and ownership in our economy is only one of a large number of factors which may, if we are not careful, make us unduly dependent upon the United States and may stunt our national development.

Some Canadians say "so what? What is the danger in this?" One answer can be drawn from history. Throughout recorded history, excessive absentee ownership has had evil results, not only for the dependent state but also